

[Certified Translation – Senate Joint Resolution 196 – January 25, 2018]

**TEXT AS APPROVED BY FINAL VOTE OF THE SENATE
(JANUARY 25, 2018)**

18th Legislative
Assembly

GOVERNMENT OF PUERTO RICO

3rd Ordinary
Session

PUERTO RICO SENATE

S.J.Res.196

January 25, 2018

Presented by Mr. *Rivera Schatz*

Co-authored by Seilhamer Rodríguez, Ríos Santiago, Martínez Santiago, Berdiel Rivera, Correa Rivera, Cruz Santiago; Laboy Alvarado; Laureano Correa, Muñiz Cortés, Nazario Quiñones, Neumann Zayas; Nolasco Santiago, Padilla Alvelo, Peña Ramírez; Pérez Rosa, Rodríguez Mateo, Romero Lugo, Roque Gracia; Vázquez Nieves, Venegas Brown; and Vargas Vidot

Referred to the Treasury Commission

JOINT RESOLUTION

To authorize the Puerto Rico Treasury Department, in the name of the Government of Puerto Rico, to provide Emergency Assistance as to one or more loans or the extension of one or more credits or disbursements to the Puerto Rico Electric Power Authority and the Puerto Rico Aqueduct and Sewer Authority to tend to the challenges caused by hurricanes Irma and María, under the terms, conditions, and guarantees agreed to in this Joint Resolution; to authorize the Puerto Rico Electric Power Authority and the Puerto Rico Aqueduct and Sewer Authority to receive the Emergency Assistance; provide on requirements, terms, and conditions; and for other related purposes.

STATEMENT OF MOTIVES

Puerto Rico has suffered a catastrophe without precedents. In a matter of weeks, the Island was hit by hurricanes Irma and María (the worst in the history of Puerto Rico), destroying thousands of homes, ruining the territory's infrastructure, adversely affecting the collections of the Government of Puerto Rico, its agencies, instrumentalities, and public corporations and

significantly limiting the government's capability to provide essential services, such as water and power, to the residents of Puerto Rico.

The devastating brunt of these hurricanes has submitted the government and its instrumentalities to incur in substantial extraordinary expenses, as it experiences a significant decrease in its income. All that, while in the middle of a fiscal and economic crisis without precedent, caused by the implementation of irresponsible fiscal policies by prior administrations. As a result, the Government of Puerto Rico is on the brink of a liquidity crisis that threatens the continuity of essential services.

Given the above, this Legislative Assembly sees it prudent and reasonable to authorize the Puerto Rico Treasury Secretary, in the name of the Government of Puerto Rico, to provide Emergency Assistance in the form of one or more loans or the extension of one or more lines of credit or disbursements to the Puerto Rico Electric Power Authority and the Puerto Rico Aqueduct and Sewer Authority, to tend to the challenges caused by hurricanes Irma and María, under certain terms, conditions, and guarantees. With said authorization, we ensure the continuity of the operations of the government and its corporations during this emergency period.

BE IT RESOLVED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Authorize the Secretary of the Treasury of Puerto Rico (hereinafter the "Secretary"), in the name of the Government of Puerto Rico, to provide one or more loans or extend one or more credits or disbursements (hereinafter the "Emergency Assistance"), to the Puerto Rico Electric Public Authority (PREPA) and to the Puerto Rico Aqueduct and Sewer Authority (PRASA), under the terms, conditions, and guarantees agreed to pursuant to this Joint Resolution, to meet their operational expenses, as defined herein, up to a maximum of five hundred

and fifty (550) million dollars in the case of PREPA, and eighty (80) million dollars in the case of PRASA. This authorization is effective until June 30, 2018. The Legislative Assembly shall be immediately notified about the quantity and specific details of any loan, credit, or disbursement granted or done pursuant to this Joint Resolution, so that the purpose of use of said money is clearly expressed.

Furthermore, by the present PREPA and PRASA are authorized to receive the Emergency Assistance. The provisions of this section shall be considered as a budgetary assignment authorizing the Secretary to provide the Emergency Assistance as a loan, which shall be paid pursuant to the terms and conditions agreed to with the Secretary. Providing at the moment of payment of the loan or reimbursement, that the doctrine of compensation may be used for the amount of the payments, as well as for the reimbursements from state and federal funds assigned for those purposes.

The Office of Management and Budget shall determine the budget items from which the capital to provide the Emergency Assistance originates.

The term “operational expenses” for the purpose of this legislative provision means: payroll expenses of the employees of the pertinent public corporation; purchase of fuel, power, materials, and equipment needed for operation of the pertinent corporation; payment of services for the entities hired for maintenance, repair, and recovery of the electric and aqueduct systems after the atmospheric events of Irma and María.

Section 2.- In case the Government of Puerto Rico provides Emergency Assistance to PREPA and/or PRASA, said public corporations may execute any agreement to receive it and may use the Emergency Assistance funds without the need to comply with the processes, requirements, or revisions of any Puerto Rico regulatory commission with jurisdiction over said public corporation which use is in accordance to the present legislative measure, regardless of the dispositions of any other applicable state law or regulation. In using the product of any Emergency Assistance, PREPA and PRASA shall comply with all laws, regulations, and executive orders applicable to government contracting and purchasing, including, without limitation, obtaining any consent or approval needed, and shall be subject to the revision by, including without limitation, any legislative commission, the Office of the Puerto Rico Comptroller, and the Office of the Inspector General.

Section 3.- Each one of the public corporations that receives the Emergency Assistance shall keep the received funds in a separate account, and they shall be used solely for the purposes designated in this legislative measure and defined as “operational expenses”. Notwithstanding any applicable legal provision, no creditor of the Government of Puerto Rico or its public corporations shall have a lien or priority over, or right to exercise any remedy against the Emergency Assistance funds or with respect to any account in which said funds are deposited, and shall not have the right to take any measure of execution against said funds or the accounts in which said funds are deposited and shall not intervene in any manner with the use of said funds.

Section 4.- Under no circumstances may it be interpreted that it is authorized in this Joint Resolution, any disbursement that undermines the payment of payroll or overtime of the members of the Police Department.

Section 5.- This Joint Resolution shall be translated into the English Language. [Official Translation is not yet available].

Section 6.- This Joint Resolution shall be effective immediately after its approval, provided, nonetheless, that the Government of Puerto Rico is not authorized to provide additional Emergency Assistance under this Joint Resolution after June 30, 2018. Nevertheless, said term may be extended pursuant to a Joint Resolution adopted for that purpose.